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OBJECTIVES AND PROGRAMS OF THE U.S. REGARDING LATIN AMERICA DURING THE NEXT FIVE YEARS

The immediate aims of the United States in world affairs during the next few years are:

(1) to help develop a healthy international community based on freedom and peace, and to convince our own and other peoples that this is our purpose;

(2) to create an atmosphere of confidence that we, with the help of our friends, can accomplish this purpose;

(3) to build up the individual and collective strength of the United States and other free nations as an essential step in the accomplishment of our purpose;

4) to deter the Soviet Union from further encroachments by a timing and kind of build-up of strength that will convince the Kremlin that it is to their own interest to seek a peaceful accommodation with the non-communist world.

(5) to bring about such a retraction of Soviet power that it no longer threatens the freedom and peace of the international community.

Translated into terms of Inter-American relations, the attainment of our aims means a demonstration of viability of our system--in the current struggle for the minds of men, to prove the strength and integrity of our system. This is important. The United States is associated

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associated with the twenty Latin American countries in a regional organization which has developed encouragingly during the past sixty years. The procedures of the Organization of American States are those of consultation and cooperation. It now is one of the oldest and most effective experiments of modern times in the field of international organization. The power and influence of the United States are dominant in the western hemisphere. If, under these conditions, we cannot win faith in and development of our system in this area, then we are in a fair way to suffer a major defeat in our international relations.

During the next five years, we should expect a definite advance in political, economic, and security situations in Latin America. We should have made progress in the effort to develop and to re-enforce the identity of interests existing between the Government and the people of the United States and the governments and peoples of Latin America. These interests include the maintenance of political stability and the encouragement of democratic representative institutions within the hemisphere; economic and trade development along lines designed to raise the standard of living of populations; social advancement calculated to facilitate the development of free institutions and individuals, and to frustrate forces opposed to this development for selfish reasons of their own; and military cooperation to provide for the defense of the hemisphere against external attack, and to deter aggression from without.

The extent

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The extent to which we can make progress toward these goals over any given period of time--and particularly toward the specific goals of stable representative government and improved economic conditions--is extremely difficult to assess. However, some estimates are possible regarding the position which we realistically can anticipate five years from now.

The Rio Treaty should have been ratified by the five countries which have not yet taken that action (Argentina, Bolivia, Peru, Ecuador, and Guatemala). Implementation of the Hemisphere Defense Plan, as provided in NSC 56/2, should have progressed to the point of agreement upon the role of each American republic in the event of war, and the conclusion of some of the more important bilateral agreements between the United States and Latin American countries to provide for the necessary cooperation under the plan. The Bogotá Charter providing for the Organization of American States should have been ratified by a majority of the American governments, including that of the United States. So far, only six governments have ratified the Charter.

By 1955, there should have been achieved a considerably greater degree of regard for civil liberties in Argentina, Venezuela and Colombia. The prospects are good for retaining the gains made in recent years in key countries such as Mexico, Brazil, and Cuba, although in the latter country we may expect difficulties, particularly from the left, in the event that a serious curtailment should occur in receipts from sugar.

Prospects

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Prospects with respect to Nicaragua and the Dominican Republic are extremely doubtful. Also, the political problem presented in Peru by the unbridgeable gap between the small dominating upper class and the Indian mass is so great that the situation probably will continue for many years to be politically unstable and explosive. Uruguay should remain as a firm and dependable supporter of the system we wish to see prevail. There is little optimism regarding Bolivia, in view of an illiterate Indian population living on a bare subsistence level, a tradition of dictatorship and revolutionary violence, a weak and inefficient system of government and public administration, and an economy based on high-cost tin production.

During the next five years it should be possible to complete basic programs in Mexico and Chile insofar as concerns loans of public funds. Considerable progress could be made in Brazil and Colombia, although the internal transportation problem in each case presents serious handicaps and cannot be solved for many years.

Another problem in the development field is presented by the single commodity countries (other than Chile where the current development program is already decreasing that country's dependence on copper). The most troublesome problems are in Cuba with sugar, in Venezuela with petroleum, and in Bolivia with tin. These countries are in a vulnerable position relative to rapid changes in the supply-demand and price situation of their key commodities.

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In the case of Peru, there is an encouraging degree of economic stability and diversification.

The basic potentialities of the Central American countries are extremely limited. We can hope for some progress toward greater economic unity among these countries by pressing for the completion of the Inter-American Highway and possibly through having a single joint development commission for all of the countries in this area. There seems to be little hope for a permanent solution of the major food--population problem in Haiti.

Contemplated Programs

Information

Basic to an understanding of the aims and objectives of United States foreign policy is a comprehension of the American way of life--our historical background, the racial and religious composition of our people, our diverse and far-flung economic system, our political and educational institutions, and the all-important function of the "public" in United States life.

Even employed at maximum efficiency, our present resources in the information, cultural affairs, and educational exchange programs are inadequate. We must expand our efforts with press, radio, motion pictures and publications. We need greater capacity for developing the highly effective cultural centers and exchange programs. There must be great concentration upon the emerging middle class and labor groups whose influence has rapidly grown in importance. Corollary to this direct approach, there should be encouragement of the

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of the potentially great contribution that U.S. business and private organizations can make to cement ties of understanding between the United States and the Latin American countries. Our purpose should be to expand the knowledge of and respect for the American way of life.

This ideological program is a positive and continuing process which assumes greater and greater importance as the social and political lot of the peoples of the Hemisphere improves.

Democracy and Civil Liberties.

A major problem in Latin America is a strongly imbedded habit of forceful seizures of government without the consent of the people. This tradition has become so deeply rooted since the time of the wars of independence from Spain that it will take years to eradicate. The settlers of the Latin American countries did not share the North American concept of civil liberties. With the exception of Cuba, Costa Rica, Uruguay, Chile, and possibly one or two others, there are no countries in the hemisphere which approximate our ideal of stable representative democracies having full observance of civil liberties. Our Government is intermittently under pressure from representatives of these few governments and from political refugees from other countries to apply sanctions in one way or another against "non-democratic" governments. Their position is that progress towards democracy will be made

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made through the application of sanctions, that is, pressure brought to bear upon the non-democratic countries will cause them to mend their ways.

The Department has rejected this thesis on two grounds. First, such a policy would divide the countries of the hemisphere into groups according to the ideology of their governments. Secondly, experience has shown that for reasons of national pride, such a policy tends to identify the people of a country with its government regardless of its political characteristics.

The attainment of democratic government and the observance of civil liberties in the Americas is a long-term program and we should not permit ourselves because of ideological zealousness to cut ourselves off from the people of the countries which do not enjoy democratic governments at some particular time. Over the years the influence of our own democratic example can best be brought to bear by working with all of the other countries of the hemisphere. An example is the experience in Paraguay over the last several years of an active and vigorous program of the Institute of Inter-American Affairs, which probably has been the greatest element of stability in that country. If our program of cooperation with Paraguay had involved stopping and starting each time that a government was overthrown, our policy would have been clearly negative and sterile.

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We must face the fact that political instability and corrupt and dictatorial governments do pose a threat both to a healthy international community based on freedom, peace and justice, and to security. Our programs to meet this situation should depend primarily upon example, skillful diplomacy, and forceful leadership in the Organization of American States. In carrying out such policies, we also must recognize that real and enduring democracy can only be achieved from within; and we must guard against unwise moves for multilateral intervention which would result in serious divisions within the Organization of American States.

Communism

Communist aims in Latin America are to disrupt the solidarity of the hemisphere and to promote Latin American suspicion of and hostility toward the United States. While Communist influence and strength appear to have declined from 1947 to 1948, Communist capabilities for anti-U.S. action should not be underestimated.

Communist strength is found primarily in the fields of labor and education, and in spite of recent important defections of Colombian and Mexican trade union groups from the Communist-dominated CTAL, Communism remains a serious problem in some countries.

Communist influence is strong in Venezuela and has been very strong in Guatemala. We may expect that the recent electoral victory of Communist-suported candidates in Cuba will be exploited to the full.

Fourteen Latin American countries have outlawed the local Communist party. The primary responsibility for curbing communism in any country rests upon the government, the people, and the media of public information in the country. Experience has shown that over-zealous efforts on our part to influence political groups in other countries tend to solidify the position of such groups.

Although Moscow dominated communism is not an immediate problem in Latin America, we must continually bear in mind the actual strength of the masses who are in effect continuously revolting against "the system" in existence. We should seek more vigorous implementation of Resolution 32 of the Final Act of Bogotá, which provides for the bilateral exchange of information concerning communist activity. We can make more effective use of our public affairs programs. We can maintain a sensible long-term economic program designed to help curb unemployment and do what we can to assist in raising standards of living throughout the hemisphere. We can adapt our action to the situations prevailaing in each country, and utilize skillful diplomacy to the full in solving the communist problem.

Economic Progress

The economic relationships between the United States and the other Latin American republics were examined in detail at the Habana and Rio Conferences of Ambassadors.

The conclusion reached was that these relationships are unsatisfactory in many of their phases and are not

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are not contributing to the attainment of basic U.S. foreign policy objectives in Latin America.

A number of factors have created this situation. The non-participation of Latin America in the Marshall Plan and the formulation of U.S. programs for areas outside the hemisphere had unfavorable psychological repercussions among the Latin American countries; it created doubts that the United States was still a firm supporter of the Inter-American system. The United States has not implemented to date the commitment made by Secretary Marshall at the Bogotá Conference on April 1, 1948, when he said: "My Government is prepared to increase the scale of assistance it has been giving to the economic development of the American republics." Latin American countries have failed to take necessary measures to utilize national savings and to encourage the direct foreign private investment that is required for their adequate economic development. A complex of trade and payments difficulties is proving disruptive to a sound and continuing expansion of Latin American trade. Finally, the diffusion of responsibility among U.S. Government departments and agencies for policy formulation and field operations has prevented an integrated approach to U.S. economic relationships with individual Latin American countries, and, in some cases, has engendered unnecessary frictions.

The Export-Import Bank, the International Bank, the Institute of Inter-American Affairs, and the Act for International

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International Development provide an effective set of tools to use in economic programs. The main problem in the field of development is now the question of putting these tools to work. What is needed more than anything else is a catalyst in the form of an integrated policy and program to which all U.S. Government agencies will adhere.

Latin American countries should draw sound plans for development and press their cases for development loans in Washington. Many of them have failed to do so. Section 410 of the Act for International Development provides for the establishment at the request of other governments of joint commissions in which international organizations may participate. The device of a joint commission can prove useful in many cases. In such cases the operations of all U.S. Government Agencies affecting the economy of a given Latin American country should be directed toward the execution of a single comprehensive development program. The task of the joint commission would be to formulate a long term development program with established objectives of economic progress to be obtained within a stated period of time. Within the framework of a long-term program, the Commission would work out plans of action and time schedules. Such plans would include definite provision with respect to the magnitude and areas of external public assistance required to make the program effective. The plans would take account of specific steps that the other country would take for giving maximum effectiveness to bilateral cooperation.

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It is essential that maximum coordination be effected with respect to the activities of all U.S. Government agencies concerned with development problems in Latin American countries. All field operations in any country, including the work of the United States side of any joint commission, should be under the direction of the U.S. diplomatic mission in the country concerned.

The following additional measures should be adopted to speed up progress of economic development in Latin America: (1) passage of the legislation providing guarantees for foreign investment; (2) a program of tax incentives with respect to foreign investment either through legislation or through treaties; (3) a limited program of grants-in-aid for development purposes. The borrowing capacity for some countries in Latin America is extremely limited owing, in many cases, to long term private bond issues sold during the 1920's, the proceeds of which were not devoted to productive purposes.

Trade

The most pressing problem facing us in the trade field in Latin America is the emergence of threats to single commodity countries, as evidenced by impending surplus of Cuban sugar, decline in tin prices in Bolivia, instability of the copper market with threat of reimposition of an import duty on copper, and surplus of petroleum with current threat of restrictive legislation. Consideration should be given to legislation which would permit the extension of some assistance to countries in these situations. Greater flexibility, also, should be introduced

introduced into the stockpiling program, with particular reference to the elimination of the buy-American requirement. Other programs should provide: (1) expansion of U.S. imports of Latin American products; through (a) additional measures to reduce tariff and other barriers to trade, and (b) avoidance of Congressional and administrative measures restrictive to the current volume of imports of key Latin American commodities; (2) assistance to the International Monetary fund in its efforts to obtain adoption by Latin American countries of fiscal and exchange policies required to eliminate elements of disequilibrium in their balance of payments; (3) removal of obstacles to a restoration of two-way trade between Latin America and Europe. In this connection, economic development programs in Latin America should take into account the need for expanding production of items needed by Western Europe or capable of larger consumption in the United States and other Latin American republics.